CONDOMINIUM REPORT

Greater Toronto Area and Hamilton CMA

Canada Mortgage and Housing Corporation

ISSUE: FALL 2000

Condo supply increases by 5.7%

CMHC's 2000 Condominium Survey indicates that, in Greater Toronto Area (GTA), the condominium universe increased by 5.7%, from 203,567 units in 1999 to 215,232 units in 2000. In the GTA, apartment condo universe increased to 150,379 in 2000 from 140,803 in 1999, an increase of 6.8%. In Toronto CMA, the apartment condominium universe increased by 6.8% to reach 144,133 units in 2000 from 135,000 in 1999. The increase in the universe from 1998 to 1999 was 4.1% in Toronto CMA.

Like last year, this year's survey covers Oshawa CMA and Hamilton CMA along with the Greater Toronto Area.

Apartment condominium universe in Oshawa CMA increased from 1,685 units in 1999 to 1,761 in 2000, an increase of 4.5%. In Hamilton CMA, apartment condominium universe increased by 7.5% from 7,220 in 1999 to 7,759 in 2000, mostly due to growth in Burlington.

Universe increases throughout GTA

Most areas of the GTA added new condominiums. Increase in the condominium apartment universe was highest at 12.2% in Central Toronto. In Central Toronto, the condo apartment universe increased by 3,963 units from

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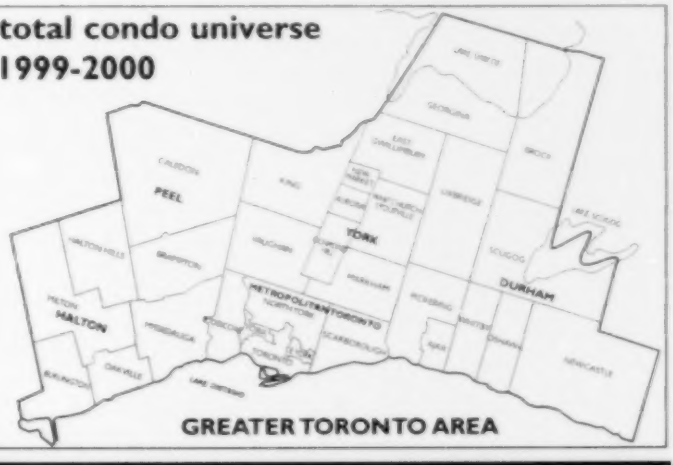
Change in total condo universe 1999-2000

Metro Toronto ⇧6.4%
Peel Region ⇧5.2%
York Region ⇧4.7%
Halton Region ⇧4.4%
Durham Region ⇧3.7%
Hamilton-Wentworth ⇧6.2%



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32,383 in 1999 to 36,346 in 2000. Durham Region recorded the second highest growth in apartment condominiums with 7.4%. In Durham Region, it increased from 4,437 in 1999 to 4,765 in 2000. Toronto East had a 5.6% increase in condo apartments in 2000 (an increase of 1,209 units), while Toronto North had a 3.0% increase (860 units). The percentage growth in the townhouse universe was highest in Central Toronto with 5.7%. In York Region, there were no new townhouse condominiums in 2000.

Strong demand for new condos

Demand for condominium apartments and townhouses continues to be strong, fuelled by lower interest rates, and good job growth. Condominiums represent affordable home ownership option and appeal to many different market segments including first time buyers, empty nesters, and the growing number of non-family households. Consequently, the number of condominium units sold in the Greater Toronto Area has been on the rise. 10,066 new condominium units were sold in 1998, which increased by 8% to 10,873 in 1999. Continuing the trend, 5,646 new condo units were sold in the first six months of 2000. If the sales pattern of the first half of the year continues, the growth in sales for the year will be 3.9% over 1999. The growth of Toronto's condo universe will continue to be strong in the years to come.

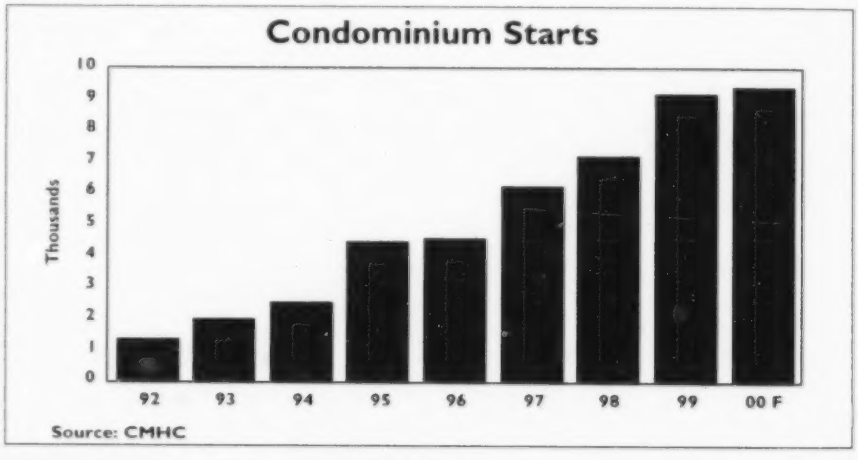
New condominium sales represent about a third of all new home sales. In 1998, new condominium sales formed 36% of total new home sales. The new condo sales were 29% of total new home sales in 1999 and 32% in the first seven months of 2000. The fall in condo share of total new home sales in 1999 was primarily due to the growth of freehold sales.

The construction of new condos mirrors the past strong sales. In July 2000, 10,085 condo apartments were under construction in the Toronto CMA, which increased from 7,887 in July 1999 and from 4,252 in July 1998. For the last couple of years, the townhouse condominium market has seen significant growth, but now the tide is turning. Condo town homes under construction decreased from 1,718 in 1999 to 971 in July 2000 although the number under construction in July 1999 had increased from 1,068 units in July 1998.

Central Toronto leads the way

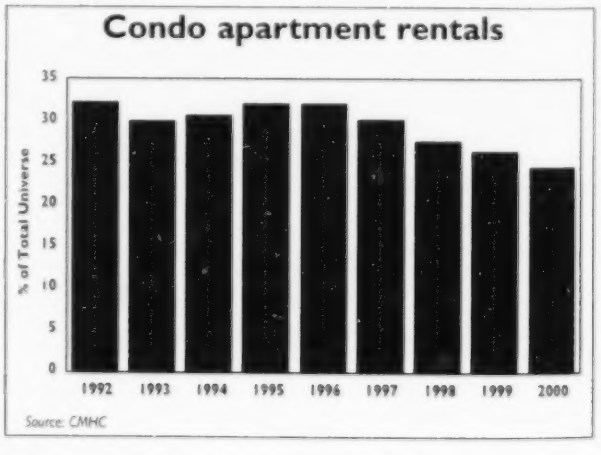
Out of 3,027 apartment condominium units completed in the first half of 2000 in GTA, 2,067 (68.3%) are located in Central Toronto. At 290 (9.6%), Halton Region sites the second largest number of condo apartments in GTA. About 40% of condo apartments located in GTA are built between 1986 and 1995. 73% of the condo apartments universe in York Region, 53% in Peel Region, 54% in Durham Region, and 51% in Halton Region are constructed between 1986 and 1995. The other regions have a greater percentage of condos built during this time frame because rising costs in the core encouraged lower cost, high density construction in the surrounding regions.

Distribution of the condo apartment buildings in Central Toronto is roughly bell-shaped with 16% built before 1976, 24% built between 1976 and 1985, 39% built between 1986 and 1995 and 22% built after 1995. In most parts of the GTA, the buildings built between 1976 and 1995 form a big chunk of the universe.



Condo rentals continue to decline

In July 2000, the number of condominium apartments available for rent in the Toronto CMA dropped down to 35,503 units from 35,850 units in 1999. Rental apartment condominiums formed 24.6% in 2000, down from 26.5% in 1999. The rental apartments were 27.6% of the universe in 1998 and 30.2% in 1997. In Hamilton CMA, condominium apartments available for rent accounted for 16.3% of the universe, which decreased from 17.9% in 1999. The lower rental rates overall indicate that the strong resale market has enabled existing investors to sell their units.



High percentage of rentals are in newer buildings in Toronto

In 2000, 34.5% of the condo apartments rentals were in the buildings built between 1986 and 1995 and 27.5% were in the buildings built after 1995. Corresponding percentages in 1999 were 36.4% and 29.3%. Similarly, in Toronto GTA, 29% of rental condo apartments were in the buildings built between 1986 and 1995 and 26% were in the buildings built after 1995.

Changes to the Tenant Protection Act (TPA) in June 1998 permits landlords to charge market rent on newly vacated units. Increase in average rents were noticed last year in the private sector rental market, and are expected to continue in both the private sector rental market and in the condo rental market. These higher rents could encourage greater investment in condominiums. However, evidence of this will not likely be seen until future surveys because of the lag between a condo sale and its final occupancy. Consequently, the growth in new rentals this year was not large enough to stem the tide out of the existing stock.

Condo vacancy rate decreased in Toronto GTA

Vacancy rate for apartment condominium rentals in Toronto GTA decreased from 0.4% in 1999 to 0.2% in 2000. However, in Toronto CMA, the rate increased to 0.5% in 2000 from 0.4% in 1999. The vacancy rate in Hamilton CMA is 1.2% in 2000 up from 0.0% in 1999. But, the vacancy rate decreased in Oshawa CMA from 0.9% in 1999 to 0.0% in 2000. Vacancy rate in condos is typically low because individuals, unlike corporate owners, cannot spread out the cost of vacancy loss over several units.

About the survey

During the months of July and August 2000, the Toronto Office of Canada Mortgage and Housing Corporation (CMHC) conducted its annual survey of residential condominiums in the Toronto Census Metropolitan Area (CMA). Like last year, we have included survey data for the Hamilton CMA and the Oshawa CMA. Like last year, only condominium apartment projects were surveyed this year. This study serves as a complement to CMHC's annual survey of privately initiated rental accommodations in the Rental Market Survey (RMS).

In conducting the study, two main sources of information were utilized; a survey of residential condominium corporations and a survey of property management companies, to whom we extend our thanks and appreciation. Without their co-operation, this survey would not be possible. It must be noted that this survey excludes any condominiums that are included in the Rental Market Survey. Also, completed condominium projects but not yet registered are not included in this survey.

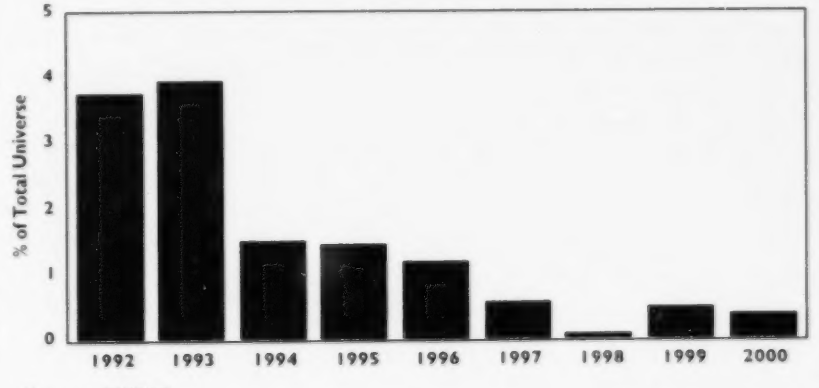
The main objective of the condominium survey is to identify the extent to which condominiums are being offered for rent, and find the subsequent rental vacancy rate. The data was collected for all regions within the Toronto CMA, including Toronto, York Region, Peel Region and the parts of Halton and Durham regions that are within the CMA boundaries. For the Oshawa CMA, data was collected for Oshawa, Whitby, and Clarington. Areas included in the Hamilton CMA are Hamilton, Stoney Creek, Burlington, Dundas, and outlying areas.

Developer owned apartments decrease

According to our 2000 Condominium Survey, supplies of unsold and rental apartment condominium units remain well below the figures seen at the beginning of the decade in Toronto CMA. Strong demand for condos has continued to keep the standing inventory of unsold condominiums at a low level. Only 408 apartment condo units were owned by developers in 2000 compared to 675 units in 1999. Number of apartments owned by developers represents 0.3% of apartment universe of Toronto CMA.

A drop in the number of developer owned condo apartments indicates that the increased construction levels continue to be based primarily on real consumer demand, not speculation.

Developer owned condo apartments

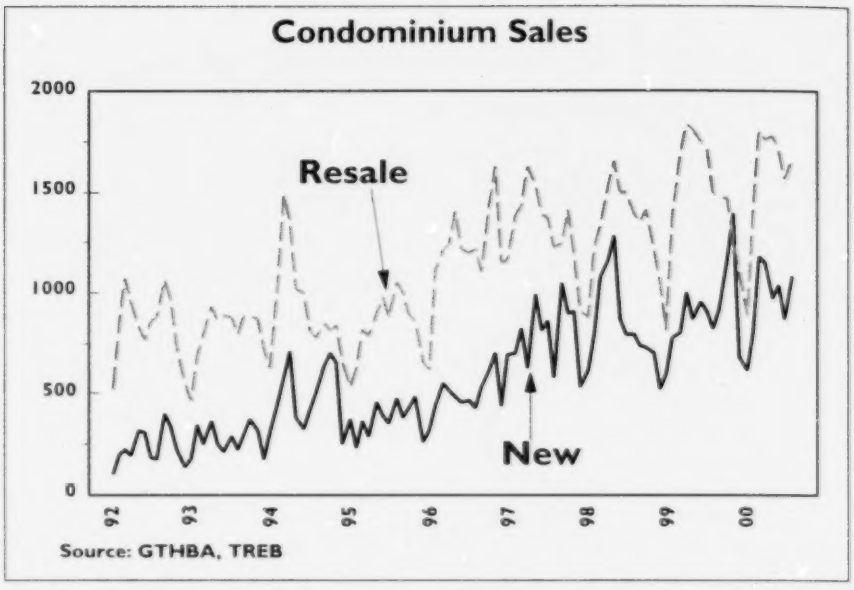


Source: CMHC

The Resale Market

Condo resales have also been strong in the last couple of years. In 1998, 16,058 condo apartments and townhouses were sold in the Greater Toronto Region. In 1999, 17,797 condo units were sold, of which 11,780 were apartments. In the first half of this year, 9,342 condo units were sold, out of which, 6,180 are apartments. If the resales continue at this rate in the next half of this year, this year's condo resales will far exceed last year's.

In Toronto Real Estate board (TREB) area, condo resales form a significant portion of overall resales. TREB sales figures indicate that condo resales formed 29% of all resales in 1998. In 1999, the condo resales represented 30% of all resales and in the first half of 2000, it is 30%.



Data from TREB suggest that the average resale prices of condominiums are on the rise. Average resale price of a condo apartment has increased by 5.7% from $148,847 in 1998 to $157,379 in 1999 and by 8.8% to $171,284 in the first half of this year.

Average resale price of a townhouse condominium increased by 5.5% from $151,724 in 1998 to $160,072 in 1999 and by 3.5% to $165,662 in the first half of this year.

Economic Outlook

Following multiple interest rate hikes by the Fed in the past year, housing markets and consumer spending in the U.S. appear to be slowing down. Consequently, the U.S. economy is expected to slow down to more sustainable growth rates over long run. Moreover, evidence so far suggests that a 350% increase in oil prices over the past 16 months hasn't impacted core rates of inflation significantly, which is attributable to gains in labour productivity. Slowdown in the U.S. economy has kept the inflationary expectations low. Low inflationary expectations and rising budget surplus could keep long-term bond yields below short-term interest rates, which would limit the movements in long term mortgage rates. This should mean that interest/mortgage rates will remain stable for the remainder of the year while drifting lower next year. The mortgage rate outlook for the next five quarters remains positive with one, three and five year rates in 7.30-8.00, 8.00-8.25 and 8.00-8.50 per cent ranges respectively.

In Toronto, job growth in the first seven months of 2000 has exceeded the activity witnessed all of last year. The employment per capita has risen above 65% level in Toronto. Further, despite a slowdown in the producers' hiring intentions, employment in Toronto is expected to grow by 3.7% this year and to slow down modestly to 3.2% in 2001. High level of consumer confidence, high employment in Toronto clubbed with low expectations regarding interest rate movements should keep homes, and condominiums in particular, affordable this year and the next.

CONDOMINIUM UNIVERSE. JULY 1999-2000

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REGION	1999			2000		
	APT.	ROW	TOTAL	APT.	ROW	TOTAL
Toronto Central (Old Toronto City, East York, York)	32383	2010	34393	36346	2124	38470
Toronto West (Etobicoke)	14055	2426	16481	14914	2412	17326
Toronto East (Scarborough)	21686	9176	30862	22895	9489	32384
Toronto North (North York)	28937	6673	35610	29797	6921	36718
Total Toronto	**97061**	**20285**	**117346**	**103952**	**20946**	**124898**
York Region	10797	5456	16253	11558	5456	17014
Peel Region	21670	22871	44541	22883	23966	46849
Durham Region	4437	5675	10112	4765	5720	10485
Halton Region	6838	8477	15315	7221	8765	15986
Total GTA	**140803**	**62764**	**203567**	**150379**	**64853**	**215232**
Hamilton-Wentworth	3006	473	3479	3131	565	3696

CONDOMINIUM APARTMENT DISTRIBUTION BY AGE OF STRUCTURE. JULY 2000

REGION	UNIVERSE			
	<1976	76-85	86-95	96+
Toronto Central (Old Toronto City, East York, York)	15.6%	24.4%	38.6%	21.5%
Toronto West (Etobicoke)	43.6%	19.5%	33.3%	3.5%
Toronto East (Scarborough)	14.9%	33.5%	37.2%	14.4%
Toronto North (North York)	31.7%	30.9%	20.7%	16.7%
Total Toronto	**24.1%**	**27.5%**	**32.4%**	**16.0%**
York Region	8.0%	10.0%	72.9%	9.1%
Peel Region	20.0%	24.4%	52.9%	1.7%
Durham Region	15.1%	20.9%	54.2%	9.7%
Halton Region	6.4%	27.5%	51.1%	15.1%
Total GTA	**21.1%**	**25.5%**	**40.4%**	**13.0%**
Hamilton-Wentworth	33.6%	24.9%	28.7%	12.8%

CONDOMINIUM APARTMENT RENTALS, JULY 1999-2000

REGION	1999		2000	
	RENTAL UNITS	% OF TOTAL UNIVERSE	RENTAL UNITS	% OF TOTAL UNIVERSE
Toronto Central (Old Toronto City, East York, York)	10757	33.2%	10431	28.7%
Toronto West (Etobicoke)	3258	23.2%	2671	17.9%
Toronto East (Scarborough)	5694	26.3%	6222	27.2%
Toronto North (North York)	7718	26.7%	7587	25.5%
Total Toronto	**27427**	**28.3%**	**26911**	**25.9%**
York Region	2185	20.2%	2385	20.6%
Peel Region	5425	25.0%	5809	25.4%
Durham Region	924	20.8%	645	13.5%
Halton Region	1019	14.9%	840	11.6%
Total GTA	**36980**	**26.3%**	**36590**	**24.3%**
Hamilton-Wentworth	628	20.5%	683	21.8%

Footnote: The results of our survey are statistically significant at the 90% confidence level.
In other words, the sample results represent Population characteristics 9 times out of 10 tries.

RENTAL CONDO APARTMENT VACANCY RATE, JULY 1999-2000

REGION	1999		2000	
	VACANT UNITS	VACANCY RATE	VACANT UNITS	VACANCY RATE
Toronto Central (Old Toronto City, East York, York)	12	0.1%	31	0.3%
Toronto West (Etobicoke)	54	1.7%	5	0.2%
Toronto East (Scarborough)	8	0.1%	12	0.2%
Toronto North (North York)	23	0.3%	18	0.2%
Total Toronto	**98**	**0.4%**	**66**	**0.2%**
York Region	9	0.4%	3	0.1%
Peel Region	27	0.0049	7	0.1%
Durham Region	6	0.6%	0	0.0%
Halton Region	0	0.0%	3	0.3%
Total GTA	**139**	**0.4%**	**79**	**0.2%**
Hamilton-Wentworth	0	0.0%	11	1.6%

Footnote: The results of our survey are statistically significant at the 90% confidence level.
In other words, the sample results represent Population characteristics 9 times out of 10 tries.

DEVELOPER OWNED CONDOMINIUM APARTMENT UNITS, JULY 1999-2000

REGION	1999		2000	
	DEVELOPER OWNED UNITS	% OF TOTAL UNIVERSE	DEVELOPER OWNED UNITS	% OF TOTAL UNIVERSE
Toronto Central (Old Toronto City, East York, York)	288	0.9%	328	0.9%
Toronto West (Etobicoke)	6	0.0%	14	0.1%
Toronto East (Scarborough)	99	0.5%	20	0.1%
Toronto North (North York)	76	0.3%	26	0.1%
Total Toronto	**469**	**0.5%**	**389**	**0.4%**
York Region	7	0.1%	71	0.6%
Peel Region	167	0.8%	4	0.0%
Durham Region	45	1.0%	0	0.0%
Halton Region	43	0.6%	9	0.1%
Total GTA	**730**	**0.5%**	**473**	**0.3%**
Hamilton-Wentworth	7	0.2%	31	1.0%

Footnote: The results of our survey are statistically significant at the 90% confidence level.
In other words, the sample results represent Population characteristics 9 times out of 10 tries.

CONDOMINIUM APARTMENT PROJECTS BY SIZE, JULY 2000

REGION	<50	50-99	100-149	150-199	200+	TOTAL
Toronto Central (Old Toronto City, East York, York)	117	66	51	24	52	310
Toronto West (Etobicoke)	8	5	8	8	37	66
Toronto East (Scarborough)	9	12	9	20	64	114
Toronto North (North York)	21	14	27	37	63	162
Total Toronto	**155**	**97**	**95**	**89**	**216**	**652**
York Region	8	13	24	16	18	79
Peel Region	10	8	24	24	53	119
Durham Region	15	9	5	7	7	43
Halton Region	30	28	13	9	6	86
Total GTA	**218**	**155**	**161**	**145**	**300**	**979**
Hamilton-Wentworth	31	9	4	2	3	49

ACTIVE APARTMENT CONDOMINIUMS, JUNE 2000

MUNICIPALITY	UNDER CONSTRUCTION	SELLING (NOT STARTED)	COMPLETED BUT NOT REGISTERED	TOTAL NOT REGISTERED
Toronto Central (Old Toronto City, East York, York)	4047	6461	656	11164
Toronto West (Etobicoke)	728	1017	34	1779
Toronto East (Scarborough)	354	1104	0	1458
Toronto North (North York)	2910	3651	310	6871
Total Toronto	**8039**	**12233**	**1000**	**21272**
York Region	745	710	125	1580
Peel Region	1291	1131	0	2422
Durham Region	0	0	0	0
Halton Region	962	136	0	1098
Total GTA	**11037**	**14210**	**1125**	**26372**
Hamilton-Wentworth	132	NA	NA	NA

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